

Year One Grant Report to Joyce Foundation from the Wisconsin Department of Natural Resources for the Dairy Gateway Project

November 2004

1. Overview

This report summarizes work on an initiative called Dairy Gateway. The Joyce Foundation generously awarded DNR full funding for the first year of the proposed two year work plan. Our accomplishments and expenditures are in line with the work plan submitted to, and supported by, The Joyce Foundation.. Deviations from the original plan are accounted for, documented, and explained in interim reports submitted to The Joyce Foundation. We begin this report emphasizing the following key points:

1. The Dairy Gateway Project has produced specific results aimed at a sustainable future including:
 - a. Work led by the Lakeshore Natural Resources Partnership (LNRP) on the infrastructure capacity () has created a "community inspired" environmental agenda that can credibly connect parties pursuing a sustainable region.
 - b. A Process was designed and engagement of multiple parties was achieved for a replicable, consensus based decision-making model to implement Green Tier.
 - c. River monitoring is in place using a volunteer network for data collection.
 - d. Agricultural research is underway to influence both statewide policy and community decision making.
 - e. Various environmental projects have connected farmers and neighbors by achieving environmental results.
 - f. Farm neighborhoods connecting producers, neighbors and communities have been initiated.
 - g. Initial connections for a Netherlands/US exchange of sustainability strategies and methods has been established.
2. The Dairy Gateway Project created the basic charter framework (within Green Tier Law) to connect farmers and neighbors committed to superior environmental performance, and created the capacity for environmental solutions that surpass traditional command and control approaches that deliver only minimum environmental performance.
3. The Dairy Gateway Project created intellectual capital in soon to be published works in environmental journals, books and papers outlining the policy implications and program application of Phase 2 environmental law. This intellectual capital will be further complimented by the Baldwin symposium delivering the Dairy Gateway message and lessons.
4. Farmers and communities are organizing around a new body of law and dedication to environmental and economic results. (Please see the attached letters of support.)
5. We have seen how policy can be adaptive in order to achieve sustainability goals. We will propose modifications to our Year Two work plan in keeping with the lessons anticipated in the original proposal.
6. Communication and reporting will increase in order to better share the accomplishments and lessons from the Dairy Gateway Project, and to attract additional funding.
7. Some of the momentum created in the Dairy Gateway is in jeopardy due to the absence of of additional outside financial support.
8. Our work will continue, in a more cohesive fashion with support from The Joyce. We look forward to feedback and input from The Joyce Foundation, particularly given the foundation's perspectives of sustainable agriculture and community initiatives..
9. We are **very** serious about finding other funding sources and not relying solely on the Joyce Foundation.

10. The fact that the WI DNR, the Wisconsin Department of Agriculture Trade and Consumer Protection (DATCP), and NGOs (farm and environmental) are working together constitutes a significant change from the status quo.
11. Our optimism stems from the changes in policy and practice that have occurred in Year One with the application of entrepreneurial energy that has emerged as the foundation for progress in Year Two.

2. General Objectives of the Project for Which Grant Funds Were Awarded

The primary goal of the Dairy Gateway initiative is to connect farming neighborhoods with each other and with urban communities in order to promote economically competitive and environmentally sustainable dairy farming in the region. The secondary goal is to ensure that this framework is replicable, and grounded firmly in law and policy.

The project partners have several underlying objectives which support these goals, but first among them is to generate support and enthusiasm for our shared vision of communities united around ideas and specific actions that support a strong dairy industry while at the same time protecting and restoring natural resources. To that end, we used grant funds to build and strengthen a network of collaborative problem solvers that are inspired and capable of achieving the vision, and to develop local leaders within the network. We also used funding to begin testing some of the processes we think could deliver desired environmental results. Finally, we used grant funds to enable disinterested and credible third parties to witness, document, and assess the successes and failures of the initiative so that all can learn from what happens.

3. Is the Project on Schedule?

The project is generally on schedule. Though the legislature was slower to pass Wisconsin Act 276, the Green Tier law, than we originally anticipated, the law was passed and signed by the Governor in May 2004. This delayed our plans to apply Green Tier concepts, especially charters, to agriculture, but we are quickly making up for lost time. In addition, we have received a verbal commitment from a large Wisconsin dairy (Holsum Dairy) to submit an application as a Green Tier 2 participant. We are aggressively promoting Green Tier within the Dairy Gateway region, and anticipate several additional dairies preparing applications to participate in Green Tier at either the Tier 1 or Tier 2 level.

Furthermore, other aspects of our project were also partially dependent on passage of Green Tier, and thus delayed. Most significantly, our statewide consensus-based policymaking effort, which is an offshoot of Green Tier, didn't begin in earnest until June 2004. We now expect to finish the design for the convening process by November 9th (a preliminary design is attached). The actual convening will begin in January, 2005, and will be completed before spring planting. Through this effort, we hope to then have a consensus-based statewide policy to guide the application of Green Tier within the agriculture sector.

4. Progress during the First Year

The Joyce Foundation requested a brief narrative report. Given our desire to be brief, this section will summarize the major accomplishments and lessons learned to date. Most if not all of the items noted below have been reported to the Joyce Foundation in previous correspondence, along with many less significant accomplishments and lessons.

A. Accomplishments

Grounding our work in law and policy:

- Wisconsin's Green Tier law became effective May 1, 2004. Since then, teams of DNR employees have developed the infrastructure for implementing the law. A joint Tier 1/Tier 2 application was developed along with procedures for processing applications as they come into the department. Public notice templates were created and an electronic tracking system is under development. Outreach materials have been prepared, and numerous meetings with entities in the Dairy Gateway region have been held. Meetings have been held with the Kewaunee County Agriculture and Environment Task Force, John Pagels (Pagels Ponderosa), Don Niles (Dairy Dreams), Manitowoc County Executive Dan Fischer, and Dairy and Agriculture Extension Agents in the three county area. Particular attention has been given to the idea of using Green Tier charters to find new ways of addressing the environmental impacts of agriculture. The Kewaunee County Agriculture and Environment Task Force is especially interested in the Charter idea, and we expect an application from them by the end of the calendar year. For more information about Green Tier, see <http://dnr.wi.gov/org/caer/cea/environmental/>.
- DNR brought together a team of expert mediation consultants, (Howard Bellman, Susan Podziba, and Harry Webne-Behrman)(), to design and initiate a conflict prevention process. The objective is to prevent conflict by convening stakeholders and guiding them toward consensus on a written policy document concerning the application of the Green Tier law to dairy farming. The preliminary design for this convening is attached to this report. Because of the potential significance of this effort, the stakeholders will represent the entire state of Wisconsin, though they will build upon some initial groundwork done by a group of stakeholders from the Dairy Gateway region. Additionally, this design has been constructed to enable the replicability of the work in the Dairy Gateway region, maintaining the connection with the region and establishing the connection with a statewide community of interest. The initial design of the convening process is completed and has been enthusiastically received. The consensus decision making will begin in January will be completed in early 2005.

Building and strengthening a network of collaborative problem solvers and local leaders

- Various project partners, led by the Lakeshore Natural Resource Partnership (LNRP), Inc., have generated support and enthusiasm for our vision through countless presentations and discussions with dairy farmers, NGOs, town and county officials. LNRP has developed local contacts with over 300 individuals living in the Dairy Gateway region. Many of these people have expressed and acted on a strong desire to be involved.
- Of particular note is LNRP's Community Agriculture Project. One aspect of this project involves bringing dairy farmers and their neighbors together to discuss and resolve issues of sustainability. Three different dairy farms have already had such meetings and others have expressed an interest. The meetings have generated a measure of trust and goodwill beyond what was previously there, and have also led to specific commitments by dairy farmers to address environmental concerns of their neighbors.
- In addition to the Community Agriculture Project, LNRP established a network of interest around protecting and preserving "Common Waters". There is a growing interest in basin-based education for school groups and adult lectures from recognized experts. Grant funding provided LNRP with an extraordinary opportunity, and the people of the Lakeshore Basin itself have been engaged and excited by this initiative and recognize and appreciate the benefit of this assistance.
- LNRP's Basin-wide Grant Program has created a larger awareness of the Dairy Gateway initiative, and created an expanded sense of community. It has reinforced to the grant recipients the commonality of environmental concerns not only within the region, but also around the Great Lakes.
- The Kewaunee County Agriculture and Environmental Stewardship Task Force has sent out letters to all schools in the county, inviting classes of students to tour dairies in the county.
- Volunteers in the Dairy Gateway region began collecting water quality data earlier this year to help DNR assess problems and causes. Their work will continue and we see great promise for expanding the use of volunteers for monitoring.

- LNRP, the Wisconsin Agricultural Stewardship Initiative, and concerned individuals have raised most of the money necessary to launch a new Discovery Farm project on two dairy farms in Manitowoc County. This effort is modeled after the DeMarke farms in the Netherlands with a very important distinction, that it is tied directly to community engagement. The Discovery Farms will seek science-based answers to pressing environmental questions on working farms and engage the community in the application of those lessons.
- The River Alliance of Wisconsin sponsored an event that brought environmental NGO representatives to working dairy farms to learn more about the constraints farmers face and to share in a more personal way their concerns and ideas about sustainable dairy farming.
- Madison Environmental Group did in depth interviews and data collection on three Dairy Gateway farms and issued a report that paints a vivid and powerful picture of real people who are taking action to improve the farm economy, the environment, and unify their communities around sustainability goals.

Begin testing some of the processes we think can deliver results:

- LNRP tested a process for awarding small grants to build a community of interest in a variety of environmental and community projects. This process generated tremendous enthusiasm and good will in the Dairy Gateway counties and produced projects that will deliver tangible environmental benefits. In addition, the process LNRP used involved actively engaging local stakeholders in making grant decisions, and generated a lot of interest in future grant-making opportunities. The strength of the emerging entrepreneurial network changed what would have been a top-down bureaucratic process into a community based decision-making process. This process not only credibly influences statewide policy but also garners support and appreciation from communities skeptical of bureaucratic, distant decisions. Most importantly, LNRP's "locally inspired" process helped expand our network of problem solvers and local leaders.
- A group of University students prepared recommendations for developing an independent Dairy Gateway "brand" logo. This idea was presented to a group of farmers in Kewaunee County who expressed interest. These farmers will follow up with other farmers in the county to determine whether it would be feasible to develop a brand image around milk and other products from the Dairy Gateway region. The University of Wisconsin in conjunction with Pennsylvania State University has also applied for a research grant through USDA to investigate strategies to build the underlying economic infrastructure and environmental direction that would be fundamental to building sustained brand identity using the tools available within Green Tier. A copy of the support letter for the research funding is attached.

Focusing on replicable results:

- Researchers from the Massachusetts Institute of Technology (MIT) are observing and participating in many different aspects of the Dairy Gateway initiative. MIT Professor David Laws interviewed many of the major players in the Gateway as part of a baseline assessment. He has also written about the importance of the Dairy Gateway Project as an example of new approaches to protecting the environment.

MIT connections have also created a relationship between the Dairy Gateway Project and a sister project in the Netherlands. The efforts to develop a "Dairy Gateway" in Wisconsin and a "Protein Highway A1" in the east of Holland are experiments involving government and non-governmental actors in resolving policy impasses created by the conflicting interests of agriculture and environment. Both the Wisconsin Dairy Gateway and the Protein Highway A1 are attempts to resolve an impasse in policy formation and to deal with conflicting interests. The tools used by both are innovative and relatively untested

The Protein Highway A1 from Amersfoort to Enschede - follows a main artery: the A1. The Protein Highway Project creates a vision, and sets the terms for a discussion about large-scale pig-farms. It also

involves pilot-projects. Those are concerned with clustering pig-farms, chicken-farms and calf-farms together with processing-industry; the meat and egg industry. An important element is the relocation of production capacity from less favorable areas to agricultural development areas via the 'family farm plus' formula.

- They are also developing a matching project in the Netherlands and a structure for comparing results. This matching project is called the Protein Highway, and Tamara Metze, a PhD student from the University of Amsterdam, was in Wisconsin for three weeks, interviewing policy-makers, farmers and local government representatives regarding the Dairy Gateway. Her analysis of the support for, and understanding about the Dairy Gateway, will be a chapter in her Ph.D. thesis, and a report to the Dutch Agriculture Ministry.

Securing other funding:

- We have had only modest success in our attempts to secure other funding for the Dairy Gateway initiative, beyond The Joyce Foundation grant and the partner contributions described in our original grant application. We were able to secure approximately \$16,000 from a USEPA grant to support agricultural EMS work, and our partners at the University of Wisconsin La Follette School used Dairy Gateway funds as leverage to secure a \$99,913 Baldwin grant. We are still awaiting a decision on a few other funding requests. For example, we have made one informal proposal and one formal proposal to the Bradley Foundation.
- Following our lead, LNRP pursued additional funding for Dairy Gateway activities. Applications for additional funding support were made to the Lake Michigan Federation (\$1,000), Core 4 Conservation Grant Alliance (\$2,500) and the Sophia Foundation (\$10,134). Unfortunately, none of these applications received funding.
- In addition, we have a team of students from Tom Eggert's Environmental Strategy and Sustainability class (General Business 600) at the University of Wisconsin-Madison working on a project to identify sources of funding that will enable the Dairy Gateway project to become sustainable over time. They will complete their recommendations by early December, 2004.

B. Lessons Learned

- Dairy Gateway has demonstrated the power of networks. The most successful aspect of this project so far has been the development and growth of a sizeable network of farmers and others who share the Dairy Gateway vision. This network is not dependent on DNR leadership nor outside funding.
- Dairy Gateway has become a platform for leaders, a positive place to get results. The second most successful aspect is the level to which local leadership is developing. Farmers and others in the Dairy Gateway region are emerging as statewide leaders on a wide variety of issues, and LNRP has taken off as an organization that brings people together to achieve results.
- Dairy Gateway is a unique initiative that brings environmental, economic and social issues into the focus of civil dialogue. Despite our progress, we believe the biggest challenge we face in moving toward the vision of a sustainable dairy region is not environmental or economic, but social. All stakeholders agree that there are serious environmental and economic problems, and most believe they can be solved. The hardest part is to bring communities together to **solve** problems rather than to assess blame.
- Dairy Gateway has built new identities for "positive innovators". As pointed out in the MIT report (attached), Dairy Gateway is not, and should not be understood as, a simple program of devolution. It involves reframing the role of a regulatory agency as simultaneously the steward of baseline commitments and an affirmative partner in promoting innovation and action.
- Dairy Gateway is a living laboratory for Steven Covey's adage "seek first to understand and then to be understood". LNRP's Nancy Skadden's efforts to listen, to identify opportunities to bring local actors together, and to frame topics for their conversations is a clear example of the importance of these

activities. A number of networks within the farming communities are beginning to develop and were supported and initiated by her activities. She has also managed to create initial ties between farmers and neighbors that could become more active in the development of local networks. Without such groundwork, it is unlikely that ties would develop across these boundaries.

- Dairy Gateway, during Year One, has seen TRUST move from "what is needed" to "what we are building." MIT also found that there is plenty of evidence that conversations, nascent networks, and organizational initiatives can give the problems facing agriculture tangible expression. "The Gateway initiative has had considerable success in generating substantive conversations between farmers and their neighbors and among farmers and local officials. These conversations serve as the first step in building the trust that anyone can tell you are needed and in short supply in the region. Such trust building frequently involves small action steps that are precursors to larger ones."
- Dairy Gateway creates "living policy" derived from contribution and shared passion versus "established policy" derived from what is left after negotiation. The MIT report recounted that overall, there are three developments that make the Gateway promising. First, farmers, their neighbors, and public officials provide the starting point for the development of the kind of break-through networks that can deliver benefits and change the institutional context for action. These actors are pursuing ends they care about.

Second, the presence of a group of go-betweens who are working to support these distinct initiatives and build ties across them shows a lot of potential. These actors include Nancy Skadden and Harry Webne-Behrman. Nancy has been extremely resourceful at identifying points where people care about an issue, at helping them create ways to talk about it and about how to address it, and at looking for ways to tie these conversations together. Harry's efforts at the state level are equally significant and promise to create a state-wide context for shaping, supporting, and extending action in the Gateway region.

Third, the overlapping membership of groups and overlapping participation in the forums underlines the potential of the gateway from a network perspective. The effort is not dependent on any single stream prospering or on any single forum for the kind of interchange that is essential for the development of practice.

5. Strategic Modifications

We modified our strategy for the Dairy Gateway project in two significant ways since drafting the plan in our grant application:

- Change in project management - A steering committee was created to manage issues and decisionmaking for the Dairy Gateway project. Members included most of the project partners mentioned in the grant application, as well as others. Creation of this steering committee, which we called the Investors' Club, resulted from an early recognition that the project would not be perceived as credible by some parties and was not likely to succeed if DNR made all the management decisions. Inherent in this team approach was a rejection of top-down decision-making.
- Changes in project staffing - Perhaps even more significant was the strategic decision to rely much more heavily than originally planned on local organizations and efforts. This decision was driven by two imperatives. First, we recognized that people in the Dairy Gateway region would only buy-in to the project if local people and organizations were doing the heavy lifting. Solutions passed down from the state capital had no chance of success. Second, Wisconsin's state government faced a severe budget shortfall in 2003 and as a result, state government departments including DNR were forced to suspend hiring, reassign many workers, and layoff others. The resulting change that is most noteworthy is that we transferred a large part of the workload originally intended for DNR staff to LNRP. Less significant was the decision to transfer the development of framework and template for charters - originally planned for the University of Pennsylvania Law School - to a DNR lawyer who also teaches sustainability and environmental ethics in the Business School at the University of Wisconsin - Madison.

6. Problems Encountered

We have encountered a few problems that have caused us to fall short, thus far, of our goals. Two of these have previously been mentioned: the delay in passage of Wisconsin's Green Tier law, and the state budget crisis. A few others also warrant mention. First, there have been several highly controversial, highly polarizing conflicts in recent months concerning dairy farms in the Gateway region. These are not the farms or farmers we've been working with, but in some ways it's like we're trying to make peace in the middle of a war zone. The second problem is communications. Our original grant proposal didn't adequately plan or provide resources for basic project communications. As a result, the communications tools we have created (fact sheets, websites, etc.) have never fully conveyed the scope or significance of the project, nor its progress. We feel this is part of the reason we have had only limited success (so far) with fundraising, and we would place greater emphasis on overall project communications as part of any similar or related future work. A third problem that we cannot discount is that the uncertainty surrounding potential Year 2 support from the Joyce Foundation has put some of the activities in a wait and see mode.

7. Actual Versus Budgeted Expenditures

Please refer to the attached set of financial tables for: 1) the original project budget approved by The Joyce Foundation, 2) a revised budget shared with The Joyce Foundation at the beginning of August 2004, 3) a summary of Year One actual expenditures and partner contributions, and 4) three related detail reports.